

Message Text

CONFIDENTIAL

PAGE 01 LONDON 02503 01 OF 03 181917Z

46

ACTION EB-07

INFO OCT-01 ISO-00 AF-06 ARA-06 EA-06 EUR-12 NEA-09 IO-10

L-02 FRB-03 OMB-01 TAR-01 SP-02 AGR-05 AID-05 CIAE-00

COME-00 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01 STR-01

TRSE-00 CIEP-01 CEA-01 DODE-00 DOTE-00 FMC-01 CG-00

COA-01 DLOS-03 FEAE-00 INT-05 H-01 OES-03 EPA-01

CEQ-01 AEC-05 JUSE-00 /114 W
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R 181900Z FEB 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8411

INFO USMISSION OECD PARIS

USMISSION EC BRUSSELS

AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 01 OF 03 LONDON 02503

FMC FOR HOPE

MARAD FOR BOURBON

E.O. 11652: GDS

TAGS: EWWT, UNCTAD, UK, IMCO

SUBJ: SUMMARY OF MAJOR POINTS COVERED IN US/UK SHIPPING
DISCUSSIONS

REF: STATE 023572

1. SUMMARY: IN COURSE OF TWO AND ONE HALF DAYS TALKS
WITH HMG REPS ON VARIOUS BILATERAL SHIPPING QUESTIONS
AND ON STATUS OF PROGRESS IN VARIOUS MULTILATERAL FORA
WERE CONDUCTED AND CONCLUDED IN A SATISFACTORY MANNER.
VALUE OF TALKS RECOGNIZED BY BOTH SIDES, AND THEREFORE,
AGREED TO MEET AGAIN. SUMMARY OF SPECIFICS DISCUSSED
BELOW:

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PAGE 02 LONDON 02503 01 OF 03 181917Z

2. UNCTAD CODE OF CONDUCT FOR LINER CONFERENCES:

(A) POSITIONS OF BOTH SIDES HAVE REMAINED BASICALLY THE SAME, TO WIT: BOTH ARE AGAINST THE COMING INTO FORCE OF THE CODE. UK ACTIVITY IN THIS ARENA WILL, UNTIL JULY 1, CONCENTRATE ON PREVENTING DEVELOPED COUNTRIES (OECD) FROM SIGNING THE CODE. THIS WILL BE ATTEMPTED THROUGH PERSUASIVE ARGUMENT WITHIN THE CSG; IN BILATERAL TALKS; IN OECD COMMITTEES (WHERE THE QUESTION OF COMPATIBILITY OF THIS CODE WITH THE OECD CODE OF LIBERALIZATION IS BEING DEBATED); AND WITHIN THE EC (WHERE COMMUNITY-WIDE SHIPPING POLICY UNDER THE TREATY OF ROME IS NOW SUBJECT OF DEBATE AND COULD BRING FAR REACHING CONSEQUENCES). THE UK WILL BE JOINED IN THIS CAMPAIGN, DIRECTED PRIMARILY AT FRG AND JAPAN BY OTHER EUROPEANS OPPOSED TO THE CODE. THE UK HAS ASKED, AND WE HAVE AGREED TO EXCHANGE INFORMATION RE STATUS OF CODE IN VARIOUS STATES. IN THIS REGARD DEP ASST SEC WALDMANN WILL TRY TO SEE APPROPRIATE GOJ OFFICIALS (SEPTTEL) TO SOUND OUT GOJ'S CURRENT POSITION ON THE CODE. IT IS BELIEVED THAT THE FRENCH GOVERNMENT HAS MADE UP ITS MIND TO SIGN, AND IT WOULD BE NON-PRODUCTIVE TO ATTEMPT TO CHANGE THE FRENCH POSITION (WE ALL NOTED THAT FRANCE POSSESSES ONLY 2.1 PERCENT OF WORLD LINER FLEET, WHEREAS JAPAN HAS 9.2 PERCENT, AND FRG HAS 4.9 PERCENT).

(B) THE POSITIONS OF THE USSR AND POLAND ALSO DISCUSSED, WITH AN AGREEMENT TO FURTHER DISCUSS THEIR ROLES IN THE RATIFICATION PROCEDURE; THEIR RESPECTIVE INTERPRETATIONS OF CODAL POSITIONS; AND THE ROLE OF NON-CONFERENCE CARRIERS.

(C) SWEDISH MARITIME FREE TRADE AREA: US REPEATED ITS BASIC OBJECTION TO THE POST-CODE SWEDISH PLAN TO OPEN DEVELOPED COUNTRY SHARES TO ALL CARRIERS SINCE US OPERATORS WOULD HAVE NOTHING TO GAIN AND MUCH TO LOSE, UNLESS DRASTIC CHANGES MADE IN CONFERENCE SYSTEM AND US LAWS. THE UK DEL NOTED THAT IT HAD PROBLEMS WITH THE SWEDISH PROPOSAL AS WELL; SEES GREAT OPPOSITION ELSEWHERE IN EUROPE, AND HENCE, BELIEVES THAT IT WILL BE STILLBORN.

(D) WE NOTED THAT OUR BASIC OPPOSITION TO THE CODE RE-
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PAGE 03 LONDON 02503 01 OF 03 181917Z

MAINS IN THE AREAS OF SHARES OF TRADE; CLOSED CONFERENCES AND RIGIDITY IN RATE STRUCTURE. BOTH SIDES ALSO RECOGNIZED THAT WITHIN THE DEVELOPED WORLD, THE OPPOSITION TO THE CODE MAY NOT INDIVIDUALLY BE FOR THE SAME RATIONALE (I.E., THE US IS OPPOSED TO CLOSED CONFERENCE SYSTEM IN CODE, WHEREAS THE UK SUPPORTS THAT SYSTEM), BUT THAT COORDINATION IN FUTURE CODE WORK (EVEN LOOKING FORWARD TO 1979 REVISION CONFERENCE) IS VITAL.

3. SPREAD OF CARGO SHARING: THE TWO DELS DISCUSSED IN DEPTH THE CURRENT SITUATION IN LATIN AMERICAN TRADES (POOLING, ETC.); DEFINITIONS OF "GOVERNMENT IMPELLED" CARGO; AUSTRALIA'S OIL CARGO PREFERENCE PROPOSAL; OPEC FLEET PURCHASES AND REPORTS THAT THEY ARE CONSIDERING CARGO PREFERENCE; AND PROSPECTS WITHIN US CONGRESS REGARDING OIL CARGO PREFERENCE. THE UK DEL AGREED TO KEEP USG INFORMED OF SOUNDINGS TAKEN WORLD-WIDE RE UK SHIPPING INTERESTS.

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PAGE 01 LONDON 02503 02 OF 03 181918Z

46

ACTION EB-07

INFO OCT-01 ISO-00 AF-06 ARA-06 EA-06 EUR-12 NEA-09 IO-10

L-02 FRB-03 OMB-01 TAR-01 SP-02 AGR-05 AID-05 CIAE-00

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TRSE-00 CIEP-01 CEA-01 DODE-00 DOTE-00 FMC-01 CG-00

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C O N F I D E N T I A L SECTION 02 OF 03 LONDON 02503

4. BILATERAL QUESTIONS:

(A) SEC 19 (FMC 72-92) - HMG REPS INDICATED THAT THEY ARE

CONSIDERING PRESENTING NOTE STATING THAT, ALBEIT SOME PROVISIONS (I.E., INFORMATION GATHERING) DO NOT GO DOWN WELL WITH THE UK, IT BASICALLY APPRECIATES THE PROCEDURAL AND DISCRETIONARY REGULATION, SO LONG AS IT REMAINS AN INSTRUMENT AVAILABLE TO FOREIGN-FLAG CARRIERS OPERATING IN THE US FOREIGN TRADE. FMC MEMBER OF USDEL REVIEWED STATUS OF THIS AND OTHER RELEVANT FMC DOCKETS.

(B) MINIMUM FREIGHT RATE BILL: LAST SEASON'S S.2576 HAS APPEARED AGAIN AS A DOUBLE-EDGED SWORD PARTIALLY AIMED AT THE UK AND ALL THIRD FLAG OPERATORS. UK, WHICH IS CONCERNED WITH USSR PENETRATION INTO ATLANTIC AND TRADITIONA
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PAGE 02 LONDON 02503 02 OF 03 181918Z

EUROPEAN ROUTES, FEELS THAT THIS LEGISLATION, HOWEVER, GOES TOO FAR IN THE PHRASE, "NO ONE WILL CHARGE LESS THAN NATIONAL CARRIER". UK REPS SEE GREAT DIFFERENCE BETWEEN TRADITIONAL CROSS-TRADER, WHO AFTER CUTTING RATES FOR A CERTAIN PERIOD, MUST, IN ORDER TO BE COMMERCIALY VIABLE, EVENTUALLY RAISE HIS RATES, AND ON THE OTHER HAND, THE FLEET OF THE STATE-ECONOMY COUNTRY WHICH HAS NO BOARD OF DIRECTORS AND WHICH MIGHT HAVE A MULTIPLE PRUPOSE IN ITS PARTICIPATION IN FOREIGN TRADE AND IS WILLING AND ABLE TO CONTINUE LOW RATES INDEFINITELY. UK SEES THIS LEGISLATIO IF IT CAN BE MORE SPECIFICALLY DIRECTED, AS BEING BENEFICIAL TO ALL TRADITIONAL PARTICIPANTS IN US TRADE.

(C) INTERMODAL: UK EXPRESSED ITS CONCERN WITH JURISDICTION QUESTION AND WITH LIABILITY. UK FEELS THAT THROUGH RATES ARE A GOOD IDEA AS LONG AS THE REGULATORS OF ONE COUNTRY DO NOT EXTEND THOSE JURISDICTIONAL REGULATIONS ACROSS THE SEAS TO THE OTHER COUNTRY.

(D) THE UK DEL RAISED ISSUE OF MARSHALING OF FULL, OUT-BOUND CONTAINERS AT US PORTS BY ITS FLAG CARRIERS. US DEL EXPRESSED BELIEF THAT THIS WOULD BE TANTAMOUNT TO A FOREIGN FLAG FEEDER SERVICE IN THE US COASTAL TRADE, AND THEREFORE IN PROBABLE VIOLATION OF THE JONES ACT. THE US DEL WONDERS WHETHER THE PLAN PROPOSED BY HER SHIP-OWNERS, WHICH HAVE FOREIGN FLAG CARRIERS WHICH PICK-UP CONTAINERS BOUND FOR MANY EUROPEAN PORTS UP AND DOWN THE EAST COAST, THEN, IN "MARSHALING YARDS" IN NEW YORK DISTRIBUTE THESE CONTAINERS IN SUCH A WAY AMONG THEMSELVES SO AS TO RATIONALIZE THE CALLS ON THE EUROPEAN PORTS, REQUIRES AN ACT OF CONGRESS OR NEW REGULATIONS. THE US DEL INDICATED THAT THIS APPEARS VIOLATIVE OF EXISTING LEGISLATION, AND WOULD BE LESS THAN ACCEPTABLE TO THE US SHIPPING COMMUNITY.

(E) THE UK DEL, AGAIN FOR THE RECORD, INDICATED ITS DIS-

PLEASURE WITH THE DISC SHIPPING PROVISIONS.

(F) MARINE POLLUTION: THE INTERNATIONAL CHAMBER OF SHIP-
PING (ICS) HAS APPROACHED THE UK GOVT FOR INFORMAL
ASSISTANCE WITH THE FOLLOWING PROBLEM: ALTHOUGH NOT
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PAGE 03 LONDON 02503 02 OF 03 181918Z

YET IN FORCE, THE ICS WOULD LIKE TO IMPLEMENT A NUMBER
OF THE TECHNICAL ANNEXES OF THE 1973 MARINE POLLUTION
CONVENTION, APPLICABLE TO TANKER OPERATIONS. ICS CLAIMS
THAT THE US OIL COMPANIES, THROUGH THE AIMS TANKER COUNCI
HAS INDICATED THEIR "SYMPATHY" BUT ARE UNABLE TO PARTI-
CIPATE DUE TO AMERICAN ANTI-TRUST LAWS. NO RULING, HOW-
EVER, HAD BEEN REQUESTED FROM THE DEPT. OF JUSTICE. THE

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PAGE 01 LONDON 02503 03 OF 03 181921Z

46

ACTION EB-07

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C O N F I D E N T I A L SECTION 03 OF 03 LONDON 02503

US DEL AGREED TO FOLLOW-UP WITH AIMS AND LOOK INTO THIS QUESTION.

(G) THE UK DEL INFORMED US OF QUESTION CURRENTLY BEING DISCUSSED AT COMMERCE (MARAD) REGARDING THE ACCESSABILITY TO CLASSIFICATION CONTRACTS UNDER TITLE 11 OPEN BY LAW TO LLOYD'S INC. USA.

FYI: ABS MONOPOLY IN US MAY HAVE EFFECT ON US BUILT STRUCTURES PARTICIPATING IN NORTH SEA OIL EXPLORATION AND PRODUCTION. END FYI.

5. GENERAL REVIEW OF ACTIVITIES ON UNCTAD INTERMODAL AND CHARTER PARTY, AS WELL AS HAGUE RULES REVIEW. IMCO'S FUTURE ROLE HELD OUT BY UK DEL TO BE LAST GREAT HOPE FOR AN ONGOING MARITIME AGENCY IN UN TO CONVENE AND TO CONFIDENTIAL

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PAGE 02 LONDON 02503 03 OF 03 181921Z

ADMINISTER INTERNATIONAL MEETINGS WHICH RESULT IN INTERNATIONAL MARITIME CONVENTIONS.

6. BOTH SIDES AGREED THAT IT WOULD BE USEFUL TO CONTINUE THESE SESSIONS ON A REGULAR BASIS (PERHAPS EVERY 6 MONTHS) THE SHIPPING AND CIVIL AIR OFFICE IN BRITISH EMBASSY, WASHINGTON AND THE SHIPPING ATTACHE, LONDON WILL BE CONTACT POINTS. UK DEL EXPRESSED BELIEF THAT US/UK SHIPPING RELATIONS BETTER TODAY THAN THEY HAVE BEEN IN LAST 15 YEARS, AND THAT ONGOING DIALOGUE WILL NO DOUBT CONTINUE THIS CONDITION.

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